

## Message Text

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ACTION EA-09

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INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 TRSE-00 OMB-01 EB-07 ACDA-05 COME-00

/086 W

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R 220628Z DEC 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8473

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMEMBASSY MOSCOW

USLO PEKING

CINCPAC HONOLULU HI

C O N F I D E N T I A L HONG KONG 15019

CINCPAC FOR POLAD

NOT RELEASABLE TO FOREIGN NATIONALS

E.OM 11652: XGDS-2

TAGS: PINT PFOR ECON VN VS UK UR CH

SUBJ: UK VIEW FROM HANOI

SUMMARY: BRITISH AMBASSADOR TO HANOI, IN BRIEF VISIT TO CONGEN , DESCRIBED ECONOMIC CONDITIONS IN VIET NAM AS STILL VERY POOR BUT IMPROVING. THE VIETNAMESE SEEK INCREASED TRADE, ESPECIALLY WITH THE WEST AND PROSPECTS FOR GREATER UK/DRV COMMERCE ARE ENCOURAGING. FORMAL VIETNAMESE REUNIFICATION IS EXPECTED ON APRIL 30 OR MAY 19 AND VWP CONGRESS IS RUMORED FOR AS EARLY AS JANUARY OR FEBRUARY. VIETNAMESE AMBITIONS FOR INDO-CHINA HEGEMONY HAVE BEEN PARTIALLY REALIZED BY HANOI'S ACQUISITION OF LAOS. TENSION CONTINUES BETWEEN HANOI AND PHNOM PENH WITH 10,000 NVA TROOPS STILL IN CAMBODIA.

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EXPECTATIONS FOR THE FUTURE INCLUDE HANOI'S EVENTUAL

RETURN FROM ITS PRESENT PRO-SOVIET TILT TO ITS  
TRADITIONAL BALANCING ACT BETWEEN THE PRC AND  
THE USSR.  
END SUMMARY

1. THE BRITISH AMBASSADOR TO HANOI (AND RECENTLY  
ACREDITED TO PRG) JOHN STEWART, VISITED THE CONGEN  
TO PROVIDE THE FOLLOWING OVERVIEW OF VIET NAM BASED ON HIS  
MORE THAN ONE YEAR'S EXPERIENCE IN HANOI. DESPITE HIS  
ACCREDITATION TO SAIGON AND IN HIS REPORTED REQUEST  
TO TRAVEL TO THE SOUTH, STEWART, HAS NOT VISITED SAIGON  
(AND HAS LITTLE HOPES FOR DOING SO BEFORE THE COMPLETION  
OF HIS TOUR WHICH WILL END IN THE SPRING).

2. POLITICAL: THE SOUTHERNERS IN VIET NAM APPEAR TO HAVE  
RESIGNED THEMSELVES TO THE NEW REGIME AND ARE, IN GENERAL,  
SWIMMING WITH THE TIDE. DESPITE REPORTS THAT THE PRG  
WOULD LIKE A MORE MEANINGFUL ROLE IN THE NEW GOVERNMENT AND  
SLOWER ABSORPTION IN TO THE SYSTEM, FORMAL REUNIFICATION IS  
EXPECTED TO TAKE PLACE ON APRIL 30 OR MAY 19 (HO CHI MINH'S  
BIRTHDAY). DE FACTO REUNIFICATION HAS ALREADY BEEN ACHIEVED  
IN VIET NAM. THE DRV STATE TRADING OFFICES HAVE MADE CLEAR  
THAT THEY CONTROL COMMERICAL MATTERS FOR ALL VIET NAM; THE  
DRV FOREIGN MINISTER NOW HANDLES SOUTHERN QUESTIONS FOR THE  
HANOI DIPLOMATIC COMMUNITY (ALTHOUGH AS A MATTER OF COURTESY,  
STEWART PARALLELS ANY REQUEST THROUGH THE PRG SPECIAL REP  
IN HANOI AS WELL); AND THOUSANDS OF NORTHERN CADRE ARE  
KNOWN TO BE RUNNING THE ADMINISTRATION OF THE SOUTH. THE  
DIPLOMATIC COMMUNITY IN HANOI GENERALLY BELIEVES THAT  
THE VIETNAMESE WORKERS' PARTY WILL HOLD A PARTY CONGRESS  
IN JANUARY OR FEBRUARY.

3. IN THE LAST THREE WEEKS THERE HAS BEEN A NOTICEABLE  
INCREASE IN THE VIETNAMESE PRESS OF REPORTS ON DIE-HARD  
REACTIONARY ELEMENTS CAUSING PROBLEMS IN THE SOUTH. IN  
STEWART'S VIEW, SINCE THESE REPORTS APPEAR TO EXAGGERATE  
THE SERIOUSNESS OF THE RELATIVELY SMALL DISORGANIZED  
RESISTANCE GROUPS, THIS MAY BE A PRELUDE TO A VIETNAMESE  
CRACKDOWN ON FORMER RVNAF OFFICERS OR THE PREPARATION OF  
THE LIQUIDATION OF UNREPENTANT ELEMENTS.  
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4. VIETNAMESE NEWFOUND FAVORITISM FOR THE SOVIET UNION  
IS REFLECTED IN EVERYTHING FROM LARGE DRV TURNOUTS FOR  
SOVIET OFFICIAL FUNCTIONS TO LE DUAN'S RECENT VISIT TO  
MOSCOW. THIS TILT WAS BROUGHT ABOUT BY THE USSR'S BEING  
GEOGRAPHICALLY MORE DISTANT (AND THEREFORE LEAST DANGEROUS)  
AND HAVING SIMPLY MORE TO OFFER ECONOMICALLY. IN THE LONG  
TERM, HOWEVER, THE RESTORATION OF HANOI'S

TRADITIONAL BALANCED APPROACH BETWEEN MOSCOW AND PEKING IS EXPECTED. WHILE SOVIET INFLUENCE IS STILL GROWING IN VIET NAM, ESPECIALLY IN THE LIGHT INDUSTRY SECTOR, THE PRC'S PRESENCE CONTINUES TO BE DEEPLY ROOTED IN THE INDUSTRIAL STRUCTURE AND CAN BE EXPECTED TO SURVIVE. REPORTS OF SOVIET DESIGNS ON CAM RANH BAY WERE SPECIFICALLY RAISED WITH DRV DEPUTY FOREIGN MINISTER NGYUEN CO THACH, WHO SGRONGLY REJECTED THE POSSIBILITY OF A SOVIET MILITARY PRESENCE IN VIET NAM, EXPLAINING THAT THE VIETNAMESE HAD NOT FOUGHT A WAR FOR SO MANY YEARS AND DRIVEN OUT FOREIGNERS FROM THEIR COUNTRY TO THEN ALLOW A FOREIGN MILITARY BASE EVEN FOR A CLOSE FRIEND.

5. VIET NAM APPEARS TO BE STEADILY PROCEEDING TOWARDS ITS LONG-HELD GOAL OF INDOCHINA HEGEMONY. LAOS IS ALREADY A HANOI PUPPET. CAMBODIA APPEARS UNABLE TO EXPEL THE ESTIMATED 10,000 NVA TROOPS IN EASTERN CAMBODIA AND CAN ONLY HOPE TO CONTAIN THEM. HANOI, HOWEVER, WILL MOST LIKELY RESORT TO POLITICAL RATHER THAN MILITARY MEANS TO COMPLETE ITS CONTROL OVER INDOCHINA.

6. ECONOMIC: BY WESTERN STANDARDS VIET NAM IS STILL A VERY POOR COUNTRY WHERE RATIONING OF FOOD AND GOODS CONTINUES IN THE MARKET PLACE, BUT BOTH THE QUALITY AND QUANTITY OF GOODS AVAILABLE HAS IMPROVED. RECENTLY 40 CHINESE-MADE BICYCLES WERE PLACED ON SALE WHICH REQUIRED APPROXIMATELY FORTY (40) MINUTES TO SELL. MATERIALS OF BETTER QUALITY, MOST PROBABLY MANUFACTURED IN THE SOUTH, ARE ALSO APPEARING IN THE STORES. VIETNAMESE LEADERS HAVE SHOWN A GREAT INTEREST IN COMMERCIAL RELATIONS WITH THE WEST AND DESIRE TO AVOID BEING TIED TO THE TECHNOLOGY OF THEIR IDEOLOGICAL BROTHERS. THE VIETNAMESE REALIZE THAT MANY

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WESTERN GOODS ARE OF BETTER QUALITY AND MORE READILY AVAILABLE THAN SIMILAR ITEMS FOUND IN COMMUNIST COUNTRIES. THERE IS CONSIDERABLE INTEREST IN OIL EXPLOITATION AND MANY EUROPEAN AND AUSTRALIAN FIRMS HAVE VISITED HANOI TO DISCUSS THE OIL POTENTIAL. THERE ARE EVEN RUMORS THAT TWO U.S. FIRMS HAVE MADE CONTACT WITH HANOI ON THIS SUBJECT.

7. THE UNITED KINGDOM EXPECTS A 2,000 PERCENT INCREASE IN DRV/UK TRADE FROM 1973 TO 1976. MOST ACTIVITY WILL BE IN FABRICS, YARN, AND SPARE PARTS. THE UK HAS PURCHASED 80,000 TONS OF VIETNAMESE ANTHRACITE COAL (MUCH OF WHICH FOR RE-EXPORT) AND HOPES TO PROVIDE COAL LOADING EQUIPMENT WHICH THE VIETNAMESE ARE SEEKING FOR THEIR PORTS OF HON GAI, CAM PHA, AND HAIPHONG. (STEWART

EXPRESSED SOME SURPRISE THAT THE VIETNAMESE WOULD GO  
THROUGH THE TROUBLE OF SHIPPING COAL TO THE ALREADY CON-  
GESTED PORT OF HAIPHONG.)  
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